Conflict-compromise solution of socio-economic contradictions

Solución de compromiso de conflicto de contradicciones socioeconómicas

Vladimir V. GLUKHOV 1; Zhanna I. LYALINA 2; Sergey GUBARKOV 3; Vladimir A. OSTANIN 4; Alexander V. PONOMAREV 5

Received: 12/06/2017 • Approved: 30/06/2017

Content
1. Introduction
2. Methods
3. Research results
4. Discussion
5. Conclusion
References

ABSTRACT:
Achieving a balance of socio-economic interests in modern society is possible not only through the implementation of the declared rights and abidance of relative freedom in the entrepreneurial activity of the population, but also due to the use of predictive analysis and the development of a conflict management system. Causes and types of arising conflicts have different origin, though they all have a common basis – the drive of each of the involved parties for self-affirmation and implementation of their own interests. Searching solutions acceptable to all parties of the conflict, and developing an agreed solution, which would take into account their interests, define the notion of compromise as the basis for achieving a positive result that would satisfy all parties. Thus, the relationship between the conflict and compromise acts as a mediator in arising conflicts of interests between the state, economic entities, and the population through the search of partial concessions of their interests and development of agreed compromise agreements. In this case, the compromise becomes not only a means of reducing confrontation, but also acts as a multilateral factor of the balance of interests as one of the possible

RESUMEN:
Lograr un equilibrio de intereses socioeconómicos en la sociedad moderna es posible no sólo mediante la aplicación de los derechos declarados y el respeto de la libertad relativa en la actividad empresarial de la población, sino también debido al uso de Análisis y desarrollo de un sistema de gestión de conflictos. Las causas y los tipos de conflictos que surgen tienen origen diferente, aunque todos ellos tienen una base común – el impulso de cada una de las partes involucradas para la autoafirmación y la implementación de sus propios intereses. La búsqueda de soluciones aceptables para todas las partes del conflicto y el desarrollo de una solución concertada, que tenga en cuenta sus intereses, defina la noción de compromiso como base para lograr un resultado positivo que satisfaga a todas las partes. Por lo tanto, la relación entre el conflicto y el compromiso actúa como mediador en el surgimiento de conflictos de intereses entre el estado, las entidades económicas y la población a través de la búsqueda de concesiones parciales de sus intereses y el desarrollo de acuerdos acuerdos de compromiso. En este caso, el compromiso se convierte no sólo en un medio de reducción de la confrontación, sino que también actúa
1. Introduction

Balance of socio-economic interests of different population categories in the modern society and economic entities of all forms of ownership can be ensured through guaranteed execution of declared rights and freedoms, as well as reaching compromise in resolving of arising contradictions.

Achieving an agreed solution acceptable to the conflicting parties is associated usually with the search for mutually acceptable viewpoints and interests in the areas, forms and fields of a competitive environment that leads to understanding of significance of compromise as a way out of the current state of affairs.

However, despite the vast theoretical and empirical material, accumulated in Russian and foreign scientific literature on conflictology, we should note the lack of analysis of the methodological foundations in the theory of conflict.

Kanapukhin P.A. emphasizes that the economics lacks unified viewpoint concerning the nature of contradictions of economic interests. Some authors argue that conflict of interests have a purely subjective origin, while others believe that the reasons of contradictions in economic interests can be divided into objective and subjective ones. Some authors emanate from the intrinsic nature of contradictions of economic interests, etc. (Kanapukhin, 2010,).

The very term "conflict" means the clash (conflictus in Latin) and is a notion that expresses the concept of the phenomena of the external level in the sensual images of the phenomenon.

Conflict can be considered as contradictory specific form, having an objective and a subjective component. In a generalized sense, the relationship between the contradiction and conflict can be expressed through the categories of essence and phenomenon. Contradiction is the essence of a conflict, while the very conflict is the phenomenon of contradiction, a specific form of its manifestation.

In the contemporary educational and scientific literature, the essence of the philosophical nature of the conflict remains as yet outside of theoretical understanding, leaving out the analysis the concept that the notion of "conflict" is a manifestation of the essence of the contradiction of the relationships, which should be attributed to dialectical contradictions, thereby distinguishing it from the formal logical or subjective-predicative contradictions (Glukhov and Ostanin, 2017).

Only through understanding the nature of a conflict, as a manifestation of dialectical contradiction, it can be perceived not only as a certain negative form, which should be eliminated, but as an impetus to overcome the ineffective state of the conflicting parties (Vyakerev, 2004).

If one does not understand the philosophical nature of the conflict, remaining in the sphere of ordinary rational thinking, which does not accept contradictions and tries to avoid it in every way, then in this case it is perceived as an accidental event.

Not associating it with contradiction, individuals, who make managerial decisions, see in it just one aspect of this phenomenon and consider it as a negative action in terms of its consequences.

Thus, we can conclude that the conflict is an expression and reflection of the negative side of the contradiction in its essential definition.

Because the conflict is the sphere of immediate relations between people, understanding of its
ontological nature is laid in the social, psychological, ethical, and economic human nature, in diversity of the interests of parties involved in relations, which are the condition but not the cause of the conflict.

The struggle for the realization of own interests and overcoming conflict situations, rather eliminating them, is the source of development of society, economic entities, households, and the individuals.

Compromising conflict approach to resolve the existing contradictions was suggested by G. Commons, who has shown that employees and business owners initially are in a state of conflict, because they have opposite goals and economic interests (Chavance, 2007).

In accordance with the social conflict theory proposed by G. Commons, the structure of the existing differences include conflict of interests; awareness of their interdependence, and conflict resolution through searching for solution acceptable to all parties involved (Chavance, 2012).

In case of contradiction arising between efficiency and fairness, a compromise solution can be achieved through the analysis of the economic interests of the parties. Achieving a mutually acceptable (fair) solution is always associated with the use of certain resources, costs, and current regulatory acts (Veljanovski, 1980).

Social conflict is understood as the aggravation of social contradictions that is expressed in conflicting interests of different social communities: individuals against other individuals, classes, groups, nations, states, etc.

Predicting the nature and consequences of the alleged conflicts, managing them, and determining ways to evade the contradiction of interests is only possible when searching for "common points" of the parties interested in achieving compromise agreements.

In this regard, the study of the socio-economic conflicts, their causes and the evolution dynamics, search for capabilities of their management and resolution play an important role from both theoretical and practical perspective.

### 2. Methods

The relations established in the past decades both at the level of national and ethnic financial systems are characterized by the opposite nature of the private interests of all parties involved, as well as the emergence of new forms of socio-economic contradictions that cannot be always resolved imperatively.

The diversity and randomness of the observed social processes in modern society complicate the detection and analysis of the essential contradictions that determine the direction of overcoming of arising crisis phenomena, and predetermine the need for searching compromises to exit from troubled situations.

The existing contradictions, as well as their types in terms of compromising conflict resolution can be conditionally attributed to several levels characterizing arising conflicts of interest of both unifying whole (the global economy or the national economy) and the private interests of its constituent parts (legal entities and physical persons).

1. From the perspectives of globalization and internationalization of economic relations, we can highlight contradictions arising not only between national economies, but also among international integrated business structures in the form of financial-industrial groups, corporations, alliances, etc., influencing the formation of financial policies of many states.
2. The contradictions arising at the level of the public-law sector of the financial system of national economy between different levels of public authority with regard to both the formation of their budgets and the distribution (redistribution) of accumulated mandatory payments.
3. The contradictions arising between the state, represented by public authorities and legal entities, and natural persons, who are both taxpayers and recipients of various state social transfers.
4. The contradictions arising in the course of determining the development proportions of the tangible
5. The contradictions arising between large, medium-sized, and small businesses in the division of both spheres of influence and resources of their activities, when producing goods and services, generating profits, respective budgets and extra-budgetary trust funds.

6. The contradictions arising between business owners and the employees, when dividing the value of manufactured goods and services;

7. The contradictions arising at the family level between the breadwinner and other family members, when managing and distributing financial resources of the household (Glukhov and Ostanin, 2017).

Such a broad range of existing contradictions is explained by different interests of all participants of relations and their goal-setting. Ignoring or untimely resolution of these contradictions leads to socio-economic conflicts, protest and opportunistic sentiments of the population, expansion of the shadow economy, local conflicts between business owners and employees, etc.

The need to find ways to resolve conflicts and arising contradictions, the rapprochement of economic interests of unifying whole and its constituent parts determine the relevance of the present article, whose objective is to study theoretically the opportunities of resolving the existing contradictions and conflicts of interests of economic agents at all levels of the financial system through dialogue and compromise.

Forms and ways of resolving socio-economic contradictions are explored mostly through the prism of human sciences (conflictology, psychology, sociology, economics, etc.) by searching for possible solution to the conflicts through social partnership, the compatibility of stakeholder interests, etc. (Fisher, 2010; Maccoby & Scudder, 2011; Schaller-Demers, 2008; Alice, 2003; Kehinde, 2011; Gubarkov, 2002; Kuznetsov, 2007).

The range of conflict situations is quite diverse and includes both different types of conflicts (domestic, military, demographic, diplomatic, ideological, interpersonal, international, political, industrial, social, environmental, economic, etc.) and options for their resolutions, which are described in various studies (Serrat, 2010; Melander & Pigache, 2007; Wallenstein and Möller, 2003; Muggah & White, 2013; Dennis et al., 2009).

The implementation mechanism of the compromising conflict management of the emerging socio-economic contradictions can be characterized as follows:

1. the resolution of the conflict of interests is achieved in favor of obtaining the benefits for the leading (dominant) party;
2. the resolution of the conflict of interests is achieved through a compromise in the positions and viewpoints of the parties with regard to the concerned problem, as well as balancing the advantages and disadvantages of proposed solutions;
3. the interests of the parties in the course of achieving compromise are undergoing either quantitative or qualitative change, i.e. change in the list of previously advanced demands that is associated by emerging new interests and new solutions.

3. Research results

The economic agents (legal entities or physical persons) as the constituent elements of the national or global economy, are interested in forming unifying whole – the state, because it must create the conditions for their expanded reproduction, which are then implemented in households by individuals, who represent their interests in the external social field.

At that, economic interests of legal entities, physical persons, and the state are diametrically opposed, because the taxpayers as donors want to pay the minimal amount of compulsory payments, while public authorities as recipients tend to accumulate the highest possible amounts in accordance with applicable law.

At the same time, private economic interests of individuals, representing the interests of the family or economic entity of any form of ownership, intersect with the economic interests of the unifying whole depending on how they represent them.
Personal economic interest of the individual begins to differentiate into the interests of the family or household (as a whole), the interests of the economic entity (the enterprise as a whole), the interests of public authorities at all levels (the state as a whole), and the interests of the world economic community, which acts as a unifying whole.

Consequently, private economic interests of the individual, being the source of the conflict and the contradiction in terms of various goals in improving personal and societal well-being, are at the same time the compromise to resolve the contradiction with the unifying whole (the state).

Initially the individual should be interested in improving the welfare of the state because the stronger it is in terms of economy, the more goods and services it provides to its constituent parts from the accumulated mandatory payments (free education, health service, social protection, scientific research, defence, law enforcement, etc.).

If the activities of public authorities are aimed at building a society (and here the society acts as unifying whole rather than the state), and fiscal system is organized transparently, then fiscal evasion will be economically impractical for taxpayers.

Diamond P. in his article "Taxes and Pensions", when referring to Meade J.E., notes that a good tax structure must be flexible ... In a healthy democratic society there must be broad political consensus – or at least its willingness to compromise – over certain basic matters; but there must at the same time be the possibility of changes of emphasis in economic policy as one government succeeds another....

But at the same time there is a clear need for certain stability in taxation in order that persons may be in a position to make reasonably far-sighted plans.

Fundamental uncertainty breeds lack of confidence and is a serious impediment to production and prosperity (Diamond, 2009).

The state objectively has to create resources for its activities, distribute the accumulated mandatory payments, which are intended to provide services to its citizens.

However, if the state sees the highest value pursuing own benefit, then the current fiscal system will suppress the interests of taxpayers (Glukhov et al., 2003).

At the same time, depending on how "rigidly" is built the state fiscal system, the public authorities, fixing the volume of assets alienated from value in the form of taxes, have at their disposal more money compared to ever-increasing rates of mandatory payments. This leads to an increase in the shadow economy.

As a result of establishing a reasonable tax burden, as a compromise of the state and taxpayers interests, each party receives an agreed share of the value produced.

Monitoring of the compulsory payments and the constancy of their receipt in the respective budgets encourages the state to provide the population with a certain set of public goods and services (McGuire and Olson, 1996).

The solution to the existing economic contradictions need to be considered from the standpoint of unifying whole (global economy or the state), which is also interested in increasing the revenues from obligatory payments to the budgets of the respective levels of public authorities and extra-budgetary funds.

In this case, evasion of taxpayers from their obligations, leads to a reduction in funding of social programs and their implementation as well as expansion of shadow economy.

From the standpoint of compromising conflict model, there may be the following types of resolving the emerging contradictions:

- offering and accepting such types of resolution, which to the maximum possible extent will contribute to the achievement of consent and the implementation of the interests of all parties to the conflict;

- changing (infringing) of the interests (requirements) of one of the parties to the conflict
providing partial satisfaction of its interests;
- suppressing or ignoring the interests of the one of the parties to the conflict;

At that, the more the contradictions in the objectives, directions, methods, and forms of the implementation of the discussed process (the issue), the more the interests of one party infringe the similar interests of the other party, the more controversy, and more the need for compromise.

In this case, the presence of two interrelated processes is quite typical. On the one hand, opposing viewpoints reflect the state of relative stability acting as counterweights, i.e. co-existing, while on the other hand, they polarize from the standpoint of each of the parties to the conflict.

4. Discussion

The publications, which discuss the various options and ways of solving the existing contradictions, can be divided into those based on theory and those associated with practice of the modern economic science.

Among the existing contradictions, Grigorieva K.S. distinguishes two main groups: conflict of interests between the state and taxpayers, and conflict of interests between individual taxpayers (Grigorieva, 2012).

Some researchers consider a conflict of interests from the standpoint of the distribution of ownership and generation of income (Ryazanova and Bashlakov-Nikolaev, 2015; Kanapukhin, 2010; Rasskazova, 2010).

Other researchers focus on the substantial aspect of the economic conflict and arising contradictions, considering the nature of their origin and the essence (Rzhevskaya, 2011).

Sergeev L.I. notes that the traditional structuring of principles and characteristics of the classification of potential financial contradictions, which constantly occur in financial practice, lies on the surface of the financial and economic relations. These contradictions have the appropriate practical mechanisms for resolving financial interests in various forms of planning, optimization, and stimulation of rational financial relations.

They are resolved in the laws, codes, instructions, methodologies and other normative financial and economic instruments of the state (Sergeev, 2011).

In turn, in recent times, compromising conflict concept is gaining popularity. The essence of this concept is that the resolution of a conflict is based on the search for mutually acceptable solution carried out in the framework of current legislation, where the parties try to find a compromise in the current situation through mutually acceptable partial assignments of their interests to each of the opposing actors, i.e. through mutual approvals and composition agreements (Kardash, 2004; Sitnikova, 2011; Kuznetsov, 2010; Hammond et al., 2007).

Any society requires the existence of appropriate forms of compromise as a means of finding solution acceptable to various economic entities, through recognizing the validity of others' arguments.

The application of the compromising conflict concept acquires a particular relevance in the study of resolution of contradictions arising between the household members in the course of distribution (redistribution) of tangible and intangible assets, because their decisions are motivated by private interests, advantageous for themselves.

Family, as the initial stage of formation in the individual of the basis of economic relations, financial literacy, and tax honesty, determines his everyday behavior in future, even in cases, where he goes beyond the family relations and acquires the appropriate status, gets the opportunity to manage financial resources of an economic entity or public authority, as well as create or resolve emerging conflicts.

The contradictions arising between family members lead to conflicts of personal economic
interests and are most understandable, because they are associated with satisfaction in material goods and services.

The involvement of family members in maintaining the viability of the household is always a source of conflict and is in opposition to their labor activities associated with earning money. The less time an individual dedicates to a family, the less is his involvement in housework, and the more time he dedicates to the formation of the revenue side of his budget, especially if it is proportionate to the final financial result.

Consequently, the more benefits and services the individual receives from his external labor activity, which, in an explicit or implicit form, goes to the family budget, the less he participates in domestic work.

The one, who has the power in the family, takes decisions on all family problems, receives tangible and intangible benefits, which are characterized by the household load, the services received from the other family members, availability of spare time, etc.

The most common type of conflict of interests in the household occurs between the family member, whose contribution to the family budget is dominant, and the rest of the family. This contradiction and the principle of its resolution can be formulated as follows: each participant of the family economy receives a monetary equivalent of what is due to him at the external competitive market of goods and services, and everyone gets something equivalent to what was received by the other participant of such exchange.

Indeed, if the primary motive of human behavior is economic interest, based on the increase in personal (family) finances, then the main factor of formation of financial relations in the household will be partnering with its members and search for compromise solutions: "I bring money (finances) if I'm the main breadwinner in the family, while your contribution (in the form of domestic work) consists in ensuring household".

Ultimately, everyone contributes to the maintenance of the household, someone through his personal finances in the form of certain assets, someone – through their work or intellect, corresponding to the market price.

In consequence of the search for common interests of the household members, in conflicts arising in matters concerned distribution and redistribution of financial resources, both common and individual, and the pursuit to get out of the existing situation, their actions acquire a conflict-compromise character.

Causes and types of arising conflicts have different origin, though they all have a common basis, which is the desire of each of the participants to assert themselves and implement their own interests (economic, social, public, etc.).

It seems that no matter how serious is the conflict of interests in the household, the mutual "common points" can be found in the frameworks of compromise and constructive attitude of opportunistically configured family member, who is the source of the conflict, in order to jointly overcome slings and arrows of life.

5. Conclusion
The resolution of socio-economic contradictions arising between the parties of conflicts, various in terms of their form, nature and essence, is achieved as a rule through mutually acceptable and mutually advantageous concessions, through mutual approvals and compromise of interests.

At that, the parties interested in the positive resolution of the aroused conflict situation should take into account and plan all possible consequences of such events given the resources that are at their disposal.

The compromise then becomes not only a form that allows reducing the confrontation and tension in conflict situation, but also is a multilateral factor providing the balance of interests,
as well as potential partnership, becoming one of the possible options of mutually beneficial solution acceptable to everybody.

References


1. Far Eastern Federal University, 690950, Russia, Vladivostok, Sukhanova str., 8. E-mail: gvv61@bk.ru
2. Far Eastern Federal University, 690950, Russia, Vladivostok, Sukhanova str., 8
3. Far Eastern Federal University, 690950, Russia, Vladivostok, Sukhanova str., 8
4. Russian Customs Academy, Vladivostok Branch, 690034, Russia, Vladivostok, Strelkovaya str., 16
5. Ural Federal University , 620002, Russia, Yekaterinburg, Mira str., 19